



JOHNSON FELLOWS
CHARTERED SURVEYORS

Stockwell Gate

Mansfield

NG18 1LG

Service Charge Expenditure Report

1st May 2017 to 30th April 2018



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Johnson Fellows. Charter House, Newhall Street, Birmingham, B3 1SW





Introduction

The service charge expenditure report is intended to provide details of the expenditure incurred for the service charge year ending 30th April 2018.

The Property

The subject property is situated within Mansfield town centre, adjacent to the bus station which has now been converted to a surface car park.

The property comprises of the bus station terminal building and concourse, a multi storey car park on the upper floors and three retail units fronting Stockwell Gate. There is a service yard to the retail units accessed from Walkden Street at the rear of the building.

The multi storey car park and bus station terminal building and concourse are held on a single lease by Mansfield District Council which is self-contained and is not relevant to the normal service charge expenditure. The lease held by Mansfield District Council does however provide for them to pay a fair and proper proportion of the expense of cleaning, lighting, repairing, making, maintaining and rebuilding part or parts of the property or other buildings including all structural walls, fences, gutters, drains, roadways, pavements, entrance ways, stairs and passages, access ways, ramps and service areas used by the Council as tenant in common with other parties.

The main external communal area for the retail units (not communal with Mansfield District Council) is the loading bay/service yard accessed from Walkden Street. All retail units have use of this service yard.

The internal communal areas comprise of the loading area, corridors, stairs and lifts serving the service yard and the rear access to the retail units.

The common parts also include the main structure and external doors and windows together with amenities for common benefit.

Voids and Concessions

For this service charge year, all retail units were let.

Any shortfalls in the recovery of the service charge expenditure as a result of voids or concessions are funded by the Landlord.

VAT

The Landlord has elected the property for VAT; consequently the expenditure is stated net of VAT.

Banking

Due to the general level of service charge funds, they are not maintained within a discrete bank account. The funds are held within the Johnson Fellows Clients Account which is maintained with Barclays Bank plc. As a consequence the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.



Reserve Fund

A reserve fund operates in order to accumulate funds to undertake substantial long term repairs to the property.

These funds are held in a discrete bank account with interest credited to it, however the current interest rate for this bank account is 0% and therefore no interest has been applied this financial year. Any banking costs will be paid from the service charge together with any tax on the interest earned.

The balance of the Reserve Fund is set out in the Service Charge Audit Statement in Appendix C.

Service Charge Objectives

The service charge expenditure report is aimed at providing a clear explanation of the expenditure incurred and is to promote clarity and transparency. Should any occupier have comments on the format or the information contained in this report that would assist with the report being improved for the benefit of all concerned, these comments would be welcome. We would also welcome constructive feedback on the communal services provided at the property.

The objective of Johnson Fellows as Managing Agents is to provide a high quality management service. In doing so, we aim to provide a well maintained business environment, delivering value for money for the service charge expenditure.

The service charge year end accounts and this report have been prepared having regard to the RICS Practice Standards; Service Charges in Commercial Property, Code of Practice.



Management Team

Facilities Manager:

Chris Monteith

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0409

Mobile: 07786 072 755

Email: chris.monteith@johnsonfellows.co.uk

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

George Brittain

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0454

Mobile: 07884 352 576

Email: george.brittain@johnsonfellows.co.uk

George Brittain is responsible for the overall management of the property.

Service Charge Accountant:

Rebecca Glover

Client Accounts

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0405

Email: rebecca.glover@johnsonfellows.co.uk

Rebecca Glover is the client accountant responsible for this property.



Service Charge Apportionment

The service charge provisions are set out in various lease documents.

The due proportion is based primarily on the gross internal area of each lettable retail unit relative to the total internal area of all retail units.

If such apportionment is inappropriate, the Landlord has reasonable discretion to adopt such other due proportion as is fair and reasonable. This may include attributing the whole expenditure to a particular occupier.

The percentages adopted are those having regard to the gross internal area of the retail units. The service charge percentage apportionments are detailed in Appendix A.

Any expenditure incurred which is to be shared between the retail units and the car park/bus terminal building will be apportioned having regards to the nature of the expenditure. During the year such expenditure was incurred, as detailed below. This expenditure was split between the Council and the service charge for the retail units having regard to GIA. Details are included in Appendix A



Expenditure Commentary

SCHEDULE 1

All figures are shown net of VAT

- **Cleaning** **£1,149.00**

This was the cost of deep cleaning the service yard and ground maintenance.

- **Building Repair** **£6,778.80**

General repairs to the building structure including areas where the roof was being affected by water ingress. Pigeon proofing, bin store fencing and work to the loading dock concrete were also undertaken in this period.

- **Electrical Maintenance** **£1,415.00**

The walkway lighting was replaced in this period.

- **Electrical Supply** **£3,810.60**

This is the actual supply cost of the single electrical supply to the common areas. This cost was higher than budgeted for.

- **Lift Maintenance** **£4,565.50**

The expenditure here reflects both the contracted maintenance visits and the various additional visits undertaken by Morris Vermaport to continuing breakdowns of the lifts.

- **Fire Prevention** **£2,865.77**

This represents the contracted costs for weekly fire alarm testing by Metro Safety.

- **Reserve Fund** **£2,000.00**

This is to build up funds for a new lift control panel that is coming to the end of its life expectancy. This spreads the cost of this expensive component over a few years.

- **Statutory Compliance** **£500.00**

This represents the cost of the emergency light test that was instructed.

- **Insurance** **£530.90**

This is the premium for engineering insurance for lifts together with the cost of the engineering inspection for the service charge year.



- **Audit Fees** **£350.00**

This figure represents the fee for the annual service charge accounts to be certified by an independent accountant in order to promote transparency and verify accuracy.

- **Management Fees** **£2,820.00**

The fees charged for managing the property and administering the service charge.

- **Facilities management** **£2,000.00**

The fees charged for the employment of a facilities manager for the property and their administering of the contracts on site.

Total

Schedule 1 **£28,785.57**

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Management Surveyor

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Facilities Manager

.....

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Appendix A

Stockwell Gate, Mansfield NG18 1LG

Service Charge Apportionment Schedule

1st May 2017 to 30th April 2018

Unit	Schedule	Area (sq ft)	Percentage
1	1	25,325	47.85%
2	1	14,220	26.87%
3	1	13,380	25.28%
Total		52,925	100.00%



Appendix B

Stockwell Gate, Mansfield NG18 1LG

Service Charge Variance Schedule

1st May 2017 to 30th April 2018

The property is VAT registered. Figures shown net of VAT.

Service Charge Item	Schedule	Actual 2016/2017	Actual 2017/2018	Actual v Actual Variance %	Actual v Actual Variance £
Cleaning	1	£ 800.00	£ 1,149.00	43.63%	£ 349.00
Building Repair	1	£ 7,578.00	£ 6,778.80	-10.55%	-£ 799.20
Electrical Maintenance	1	£ -	£ 1,415.00	#DIV/0!	£ 1,415.00
Electricity Supply	1	£ 4,010.45	£ 3,810.60	-4.98%	-£ 199.85
Lift Maintenance	1	£ 6,290.25	£ 4,565.50	-27.42%	-£ 1,724.75
Fire Prevention	1	£ 1,999.82	£ 2,865.77	43.30%	£ 865.95
Statutory Compliance	1	£ 120.00	£ 500.00	316.67%	£ 380.00
Reserve Fund	1	£ 2,000.00	£ 2,000.00	0.00%	£ -
Insurance	1	£ 550.00	£ 530.90	-3.47%	-£ 19.10
Audit Fees	1	£ 325.00	£ 350.00	7.69%	£ 25.00
Management Fees	1	£ 2,370.00	£ 2,820.00	18.99%	£ 450.00
Facilities Management	1	£ -	£ 2,000.00	#DIV/0!	£ 2,000.00
Total		£ 26,043.52	£ 28,785.57	10.53%	£ 2,742.05



Appendix C

TESCO STORES LIMITED

**STOCKWELL GATE
MANSFIELD**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 30TH APRIL 2018





**Stockwell Gate
Mansfield**
8Certificate of Service Costs for the year ended 30th April 2018

	2018	2017
Schedule 1		
Cleaning	1,149.00	800.00
Building repair	6,778.80	7,578.00
Electrical maintenance	1,415.00	0.00
Electricity supply	3,810.60	4,010.45
Lift maintenance	4,565.50	6,290.25
Fire preventior	2,865.77	1,999.82
Reserve Fund	2,000.00	2,000.00
Statutory compliance	500.00	120.00
Insurance	530.90	550.00
Audit fees	350.00	325.00
Management fees	2,820.00	2,370.00
Facilities management	2,000.00	0.00
Total expenditure	<u><u>28,785.57</u></u>	<u><u>26,043.52</u></u>

Reserve Fund

Balance brought forward 1st May 2017	2,000.00
Interest earned	0.00
Reserved in year	2,000.00
Balance carried forward 30th April 2018	<u><u>4,000.00</u></u>

Independent Accountant's Review Report

To the Manager, Stockwell Gate

We have reviewed the statement of service charge expenditure for the above property for the year ended 30 April 2018. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the RICS in the Code of Practice, Services Charges in Commercial Property, Third edition.

Manager's Responsibility for the Statement of service charge expenditure

The Manager is responsible for the preparation of the statement of service charge expenditure and for such internal control as the Manager determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error

Reporting Accountant's Responsibility

Our responsibility is to express a conclusion on the statement of service charge expenditure based on the procedures we have performed and the evidence we have obtained. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements (Revised). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the statement of service charge expenditure, taken as a whole, is not prepared in all material respects in accordance with the provisions of the Code of practice 'Service charges in commercial property' issued by the RICS. ISRE 4000 (Revised) also requires us to comply with relevant ethical requirements

A review of a statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures do not include review of the allocation or apportionment of service charge expenditure to occupiers.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the statement of service charge expenditure



Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the statement of service charge expenditure is not prepared, in a material respects, in accordance with the provisions of the Code of practice 'Service charges in commercial property' issued by the RICS.

Basis of Accounting and Restriction on Distribution and Use

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager to issue to current occupiers. This report should not be distributed to or used by other parties. Our work has been undertaken to enable us to make this report to the Manager and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Manager in connection with the report or this engagement.

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